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14 January 1955

3.3(h)(2)

3.5(c)

[Redacted]

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Copy No. 79

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 65
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 8/1/80 REVIEWER: [Redacted]

[Redacted]

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

[Redacted]

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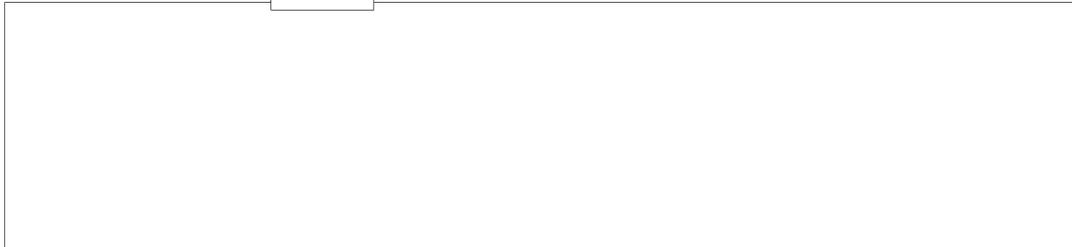
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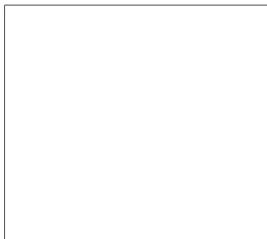


~~TOP SECRET~~**SOUTHEAST ASIA****1. Viet Minh significantly strengthens anti-aircraft capabilities:**

Prior to the truce, the largest caliber anti-aircraft weapon the Viet Minh was believed to have was 40mm. Its anti-aircraft effort was generally ineffective until the Dien Bien Phu campaign, when 37mm automatic weapons were introduced. These in large measure prevented the resupply and reinforcement of the French garrison.



The receipt of heavier anti-aircraft weapons and radar equipment, in clear violation of the truce agreement, significantly strengthens the Viet Minh's anti-aircraft capabilities and is further evidence of the large-scale program carried on since the truce to develop the Viet Minh army along more modern lines with increased firepower. The new weapons will probably be used by an anti-aircraft artillery division now being organized.
(Concurred in by ORR)

2. Comment on Laotian government policy toward Pathet Lao:

The Laotian government appears to be moving closer toward a coalition with the Viet Minh-backed Pathet Lao, a course previously rejected by Premier Katay. Katay announced on 8 January that members of the Pathet Lao would receive appointments "in accordance with the laws," but he left unexplained the nature of those appointments.

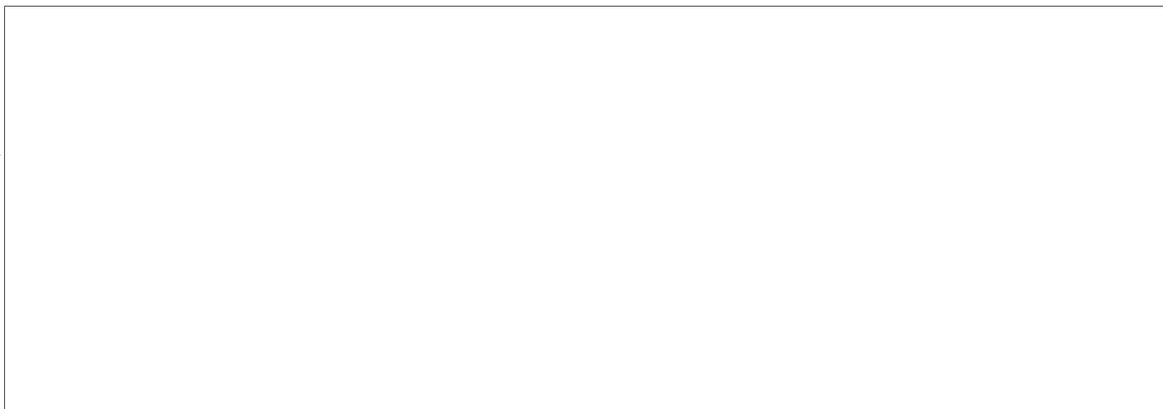
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The government has also indicated a willingness to concede partial control of the disputed northern provinces to the Pathet Lao. At the same time, it has been hinted that the ambitious Prince Petsarath, who has been seeking a political comeback with Thai support, might soon return from his exile in Thailand.

Petsarath is an avowed Pathet Lao leader. [redacted] "liaison" between Petsarath and Prince Souphanouvong, the nominal Pathet Lao chief, would lead to an easy takeover of Laos by the Communists.

[redacted] Laos, rather than South Vietnam, will see the major Viet Minh effort during the next few months. South Vietnam remains the primary target, however, and it is unlikely the Viet Minh would undertake such bold and overt action in Laos as to prejudice its prospects in the Vietnam elections scheduled for 1956.

3. USSR reported willing to make sizable purchase of Burmese rice:



Comment: If this sale to the USSR is concluded, Burma will be committed to ship from 450,000 to 500,000 tons of rice to the Orbit in 1955--about a third of its total available for export. No Burmese rice had been sold to the Orbit prior to last November. Since then 300,000 tons have been bought by Communist China.

The Burmese will undoubtedly seek Soviet capital equipment in exchange for rice. The export of 150,000 tons would create credit for Soviet commodities worth between \$15,000,000 and \$20,000,000, depending on the price set for the rice.

Soviet-Burmese negotiations for a general trade agreement were broken off last May as a result of Burma's refusal to permit Moscow to name its own trading agents in Rangoon. It is possible that Rangoon has finally decided to concede this point.

NEAR EAST - AFRICA

4. North African disorders

Algerian and Moroccan nationalists are conferring in Algiers on the timing and method for sabotage and guerrilla warfare,

If current French-Tunisian negotiations fail, Tunisian nationalists would also co-operate. the Committee of Liberation for North Africa, with headquarters in Cairo, has enough arms in Algeria for limited action.

With regard to Tunisia, the fellagha order of battle is virtually unchanged in spite of the group's "surrender." Most fellagha units in Libya are fully armed with modern automatic weapons and commanded by two former officers of the French army who receive instructions regularly from Salah ben Youssef, secretary general of the Tunisian nationalist Neo-Destour party.

Comment: These reports appear to be exaggerated and are not supported by other available information.

Under present conditions, the French are capable of suppressing any action which could be mounted by North African nationalists. Considerable evidence links Cairo to various North African nationalist activities, however, and it is capable of giving them substantial support.

5. Comment on the Iraqi-Turkish conversation in Baghdad:

[REDACTED] The communiqué issued on 13 January by Iraq and Turkey suggests that little tangible progress has been made toward Iraqi integration in Middle East defense planning.

The two governments formally announced that they had decided to conclude, "as soon as possible," an agreement "to co-operate to repel any aggression." However, the communiqué provides that other states in the area interested in defense be consulted before the agreement is concluded and invited to sign it simultaneously with Turkey and Iraq. This practically assures a considerable delay, during which time Egyptian leaders and Arab League politicians will have an opportunity to exert a negative influence.

The announcement constitutes a high point in the improvement of Iraqi-Turkish relations and indirectly suggests that other Arab states consider improving their relations with Turkey. [REDACTED]

EASTERN EUROPE

6. Rumania moderates propaganda against Paris agreements:

[REDACTED] [REDACTED] the Rumanian propaganda campaign against the Paris agreements had lost some of its original impetus during the first week in January and that published official reaction had moderated.

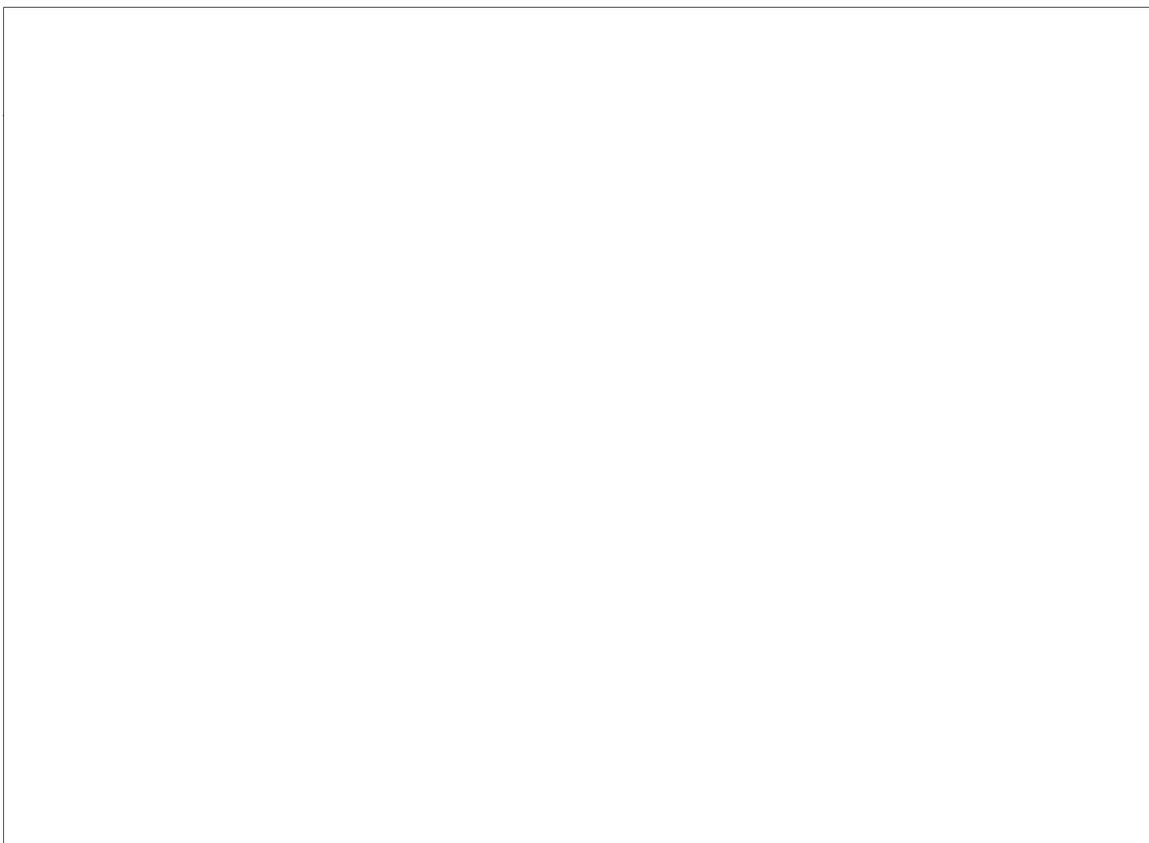
[REDACTED] the political director of the Rumanian Foreign Ministry appeared desirous of minimizing earlier statements on the need to strengthen Rumanian defenses in the face of West German rearmament. He stressed the need for exploiting common points of understanding between the two countries and continuing to work for peace.

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Comment: General Orbit propaganda threatening that the Soviet bloc will take measures to strengthen its defenses against a rearmed West Germany has markedly decreased since the French assembly vote. This has probably resulted from an attempt to gain a greater propaganda impact from a renewed campaign against ratification just prior to consideration of the agreements by the French Council of the Republic in February.

Rumors of extensive Orbit military measures, which have been reported during the past month in Bucharest, Prague, and Warsaw, have not been substantiated and apparently resulted from the Orbit's propaganda campaign against the Paris agreements.

7. Belgrade reported discouraging formal Soviet moves toward rapprochement between Communist parties:



Comment:

Any formal move toward co-operation between the two Communist parties would probably be made in hopes of developing more Yugoslav co-operation with the bloc and less with the West, rather than in any hope that Yugoslavia would at present return to the Soviet world.

WESTERN EUROPE

8. French senators optimistic on Paris accords' chances:

Key French senators canvassed by American officials are convinced that the chances are good for ratification of the Paris accords by the Council of the Republic. The senators interviewed thus far represent all parties except the Communists, Gaullists, and the extreme right.

Some senators expressed approval of the arms production pool scheme but said they would not change the present text of the accords to include this proposal. Several senators who were unusually violent in their criticism of the government suggested that Mendes-France is deliberately overstating the difficulties envisaged in order to take the credit later for passage of the accords.

All senators canvassed agreed that any Soviet attempt to influence the council against the accords would have the opposite effect. Most of them believed that ratification must be completed before another approach on East-West talks is made to the USSR.

Comment:

There seems little likelihood that the Western European Union countries will accept the French proposal in

toto, but a compromise resulting in token approval of a pool with some supranational trappings is likely and will probably satisfy the council.

The reported views of these senators also run counter to Mendes-France's argument that action on East-West talks is essential to ensure council approval of the Paris accords.